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SUBJ: TURNER BREAKS SILENCE

1. SUMMARY: SPEECH BY LEADING ALTERNATIVE TO TRUDEAU AS LIBERAL PARTY LEADER LEADER, JOHN TURNER, PUTS DISTANCE BETWEEN TURNER AND TRUDEAU ON ECONOMIC POLICY. COMING AT TIME OF HEIGHTENED TRUDEAU POLITICAL DIFFICULTIES, SPEECH HAS EFFECT OF REMINDING LIBERALS THAT TURNER WOULD BE AVAILABLE IF TRUDEAU STEPS DOWN. END SUMMARY.

2. FORMER FINANCE MINISTER JOHN TURNER SPOKE TO THE ONTARIO ECONOMIC COUNCIL IN TORONTO, MARCH 15, HIS FIRST PUBLIC ADDRESS SINCE HIS RESIGNATION. IN WHAT HE SAID WAS A PERSONAL STATEMENT FROM WHICH OTHERS MIGHT DRAW CONCLUSIONS ABOUT ITS POLITICAL MEANING, TURNER IN EFFECT PLACED CONSIDERABLE DISTANCE BETWEEN HIMSELF AND PRIME MINISTER TRUDEAU WITH RESPECT TO ECONOMIC POLICY (ACCOUNT IN MARCH 16 OTTAWA JOURNAL WAS HEADLINED "TURNER REBUTS TRUDEAUNOMICS"). TURNER SAID THAT SINCE CONTROLS NOW IN PLACE THEY MUST BE MADE TO WORK, BUT HE EMPHASIZED THAT THE VALUE OF CON-

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TROLS IS IN THEIR PSYCHOLOGICAL EFFECT IN MAKING EXPECTA-

TIONS MORE REALISTIC: THEY SHOULD FOR THIS PURPOSE HAVE BEEN PRECEDED BY A WAGE AND PRICE FREEZE APPLIED ACROSS THE BOARD RATHER THAN SELECTIVELY AND SHOULD BE MAINTAINED ONLY FOR A LIMITED PERIOD. HE INSISTED THAT CONTROLS ARE NO SUBSTITUTE FOR FISCAL AND MONETARY POLICY AND CANNOT WORK IF GOVERNMENT EXPENDITURES ARE ALLOWED TO GROW TOO RAPIDLY, AS HE INDICATED IS STILL HAPPENING. HE SAID THAT THE ECONOMIC THEORIES OF JOHN KENNETH GALBRAITH (WHOSE BOOK "ECONOMICS AND PUBLIC PURPOSE" IS SAID TO BE TRUDEAU'S CURRENT ECONOMIC BIBLE) CREATE UNACCEPTABLE INJUSTICES WHEN APPLIED LITERALLY. CLEARLY HAVING IN MIND TRUDEAU'S YEAR-END MUSINGS ABOUT THE POSSIBLE NEED FOR GREATER GOVERNMENT INTERVENTION IN THE ECONOMY, TURNER INDICATED THAT HIS VIEWS RUN TO MINIMAL GOVERNMENT INTERVENTION.

3. AMONG TURNER'S RECOMMENDATIONS FOR CONTROLLING INFLATION:

A. GREATER INCENTIVES FOR LABOR PRODUCTIVITY, MANAGERIAL INNOVATION AND RISK-TAKING.

B. REDUCTION OF SOME LEGISLATIVE BARRIERS PROTECTING THE PRIVATE SECTOR AND DISMANTLING OF SOME TARIFFS AND SUBSIDIES TO CREATE MORE COMPETITIVE SOCIETY.

C. IMPROVED MECHANISMS FOR HANDLING INDUSTRIAL DISPUTES.

D. A MORATORIUM ON NEW PROGRAMS AND PROHIBITIONS ON HIRING CIVIL SERVANTS UNTIL ECONOMY CATCHES UP.

4. TO FEDERAL GOVERNMENTS'S CONTENTION THAT EIGHTY-ONE PERCENT GOVERNMENT SPENDING IS UNCONTROLLABLE, TURNER COMMENTED, " WHAT MAN HAS MADE HE CAN UNMAKE".

5. COMMENT: TURNER'S STATEMENT COMES CLOSE TO THE CRITICISMS ADVANCED BY THE PROGRESSIVE CONSERVATIVE PARTY CONCERNING THE TRUDEAU GOVT'S MANNER OF INITIATING THE ANTI-INFLATION WAGE/PRICE CONTROLS PROGRAM AND ITS PROPOSED DURATION. THE FACT THAT HE WAS SPEAKING TO REPRESENTATIVES OF THE TORONTO BUSINESS COMMUNITY WHICH LIMITED OFFICIAL USE

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HAS BEEN HIGHLY CRITICAL OF TRUDEAU'S RECENT GALBRAITH-DERIVED ECONOMIC PHILOSOPHIZING ASSURED HIM OF A SYMPATHETIC RECEPTION. THE SPEECH COMES AT A TIME WHEN DIS- ENCHANTMENT WITH TRUDEAU (ALREADY BUILDING UP OVER WAGE/ PRICE CONTROLS, HIS THREAT OF MORE STRINGENT FUTURE CON- TROLS, HIS OVERFRIENDLINESS WITH CASTRO, ETC.) HAS HIT A NEW LOW AS A RESULT OF HIS HANDLING OF THE ISSUE OF MINISTERIAL INTERFERENCE WITH THE JUDICIAL PROCESS

LEADING TO MINISTER OUELLET'S RESIGNATION UNDER FIRE.
UNDER THE CIRCUMSTANCES, TURNER'S CHOICE OF THIS MOMENT
TO GIVE A SPEECH CRITICAL OF GOVERNMENT POLICIES IS
LIKELY TO BE VIEWED IN TRUDEAU CIRCLES AS A STAB IN
THE BACK. IT IS, FURTHERMORE, JUST CONCEIVABLE THAT
TURNER HAS TAKEN SERIOUSLY CURRENT SPECULATION IN OTTAWA
THAT TRUDEAU IS NEARING THE POINT OF STEPPING DOWN.
AT A MINIMUM, TURNER HAS GIVEN THE LIBERAL PARTY A REMINDER
THAT HE AND HIS ECONOMIC POLICIES ARE WELL-RECEIVED IN
TORONTO (WHOSE URBAN CONSTITUENCIES ARE CONSIDERED
BY LIBERAL PARTY STRATEGISTS TO BE THE KEY TO THE NEXT
FEDERAL ELECTORAL VICTORY), THAT HE IS CLEAN (HE RESISTED
OVERTURES FROM MINISTER OUELLET TO INTERCEDE ON HIS
BEHALF WITH JUDGE MACKAY), AND THAT HIS IS AVAILABLE.
LEARY

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